

Internal Revenue Service

District
Director

Department of the Treasury
P. O. Box 2508
Cincinnati, Ohio 45201

Person to Contact:

Telephone Number:

Refer Reply to:

EP/EO

Date: JUN 10 1982

Dear Sir or Madam:

We have reviewed your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated as a nonprofit corporation in the State of [REDACTED] on [REDACTED]. The general purpose of your organization as set forth in the articles of incorporation is the transportation of children for a [REDACTED] education.

Your application for exemption states that you were formed to transport grade school students from the [REDACTED], area to [REDACTED], located in [REDACTED]. Since interstate transport is involved, public school bus transportation is not provided. The students using your school bus service are members of [REDACTED]. Your daily fee is \$[REDACTED] per student or \$[REDACTED] per family. The bus is also used for school field trips.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax for organizations organized and operated exclusively for religious, charitable or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations states that an organization described in section 501(c)(3) of the Code must be engaged in activities which further public purposes rather than private interests. It must not be operated for the benefit of designated individuals or the persons who created it.

Rev. Rul. 69-175, 1969-1 CB 149, states that a nonprofit organization formed by parents of pupils attending a private school, that provides school bus transportation for its members' children serves a private rather than a public interest and does not qualify for exemption under section 501(c)(3) of the Code.

[REDACTED]

Your activities are similar to those described in Rev. Rul. 69-175. By providing transportation to your members under the circumstances described, you are enabling the participating parents to fulfill their individual responsibility of transporting their children to school and to school field trips. Therefore, your activities serve private interests even though your organization was formed by the parish.

Accordingly, we propose to deny your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(3) of the Code. If you are in agreement, please sign and return the original of the enclosed Form 6018, Consent to Proposed Adverse Action.

We have considered your application under other subsections of 501(c) of the Code and you do not qualify. Accordingly, you are required to file Federal income tax returns annually on form 1120.

Contributions to you are not deductible by donors under section 170 of the Code.

You have the right to protest our proposed denial of your exemption under section 501(c)(3) of the Code if you believe that is incorrect. To protest, you should submit a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892 (Rev. 8-78), "Exempt Organization Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

[REDACTED]

If you do not protest this determination in a timely manner; it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If we do not hear from you within the time specified, this proposed denial will become final. We will also notify the appropriate State officials of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

[REDACTED]
District Director

Enclosures (2)